

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds (Cont'd)
for the years ended May 31, 1981 and 1980

	<u>1981</u>	<u>1980</u>
EXPENSES, including Hawaii Opera Theatre in 1980 (Note 7):		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$1,072,945	\$1,171,769
Guest conductors and artists	<u>235,258</u>	<u>303,749</u>
	<u>1,308,203</u>	<u>1,475,518</u>
Production -		
Programs and tickets	101,975	79,913
Advertising and promotion	84,966	83,642
Auditoriums	82,539	108,077
Orchestra travel and drayage	77,234	68,185
Sets, costumes, sound, auditions and other	52,608	99,116
Music rentals and purchases	48,346	41,154
Production fees, salaries, payroll taxes and benefits	<u>41,187</u>	<u>233,958</u>
	<u>488,855</u>	<u>714,045</u>
Administrative and Fund Raising -		
Office salaries, payroll taxes and other benefits	248,472	272,076
Office rent, supplies and other	85,660	72,970
Outside services	32,105	28,771
Fund raising expenses	21,913	15,761
Dues	6,738	6,494
Sales commissions	1,339	9,398
Other	<u>15,201</u>	<u>13,386</u>
	411,428	418,856
Interest	1,403	13,589
Loss on sales of securities	<u>-</u>	<u>119,731</u>
Total expenses	<u>2,209,889</u>	<u>2,741,739</u>
Excess of revenue over (under) expenses	206,364	(582,969)
UND BALANCE (DEFICIT):		
Beginning of year	<u>(92,922)</u>	<u>490,047</u>
End of year	<u>\$ 113,442</u>	<u>\$ (92,922)</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of changes in Restricted Endowment Fund balance (Note 5)
for the years ended May 31, 1981 and 1980

Fund balance, May 31, 1979	\$159,816
Gain on sales of securities	<u>91,808</u>
Fund balance, May 31, 1980 and 1981	<u>\$251,624</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

4. National Endowment For The Arts

The Women's Association contribution is primarily used as matching funds for NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the statement of operations.

5. Andrew W. Mellon Foundation Grant

The Society is participating in a program of grants from the Andrew W. Mellon Foundation under which the Society may receive an appropriation of up to \$150,000. The major provisions of the grant provide for the Society to (a) obtain matching gifts through September 30, 1982 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grants, as permanent endowment. Income earned on funds received from the Foundation and on matching gifts is available to improve the Society's net current position.

During fiscal 1979, gifts totaling \$152,262 were designated for matching purposes by the Board of Directors and the first \$50,000 of the grant was applied for and received. In this connection the Board of Directors approved the establishment of a new Restricted Endowment Fund and, as of May 31, 1979, investment securities and cash with an aggregate value of \$202,262 (\$159,816 at carrying value) were designated as assets of the new Restricted Endowment Fund.

As required by the grant, the following information is provided as of May 31, 1981 and 1980:

	<u>1981</u>	<u>1980</u>
Unrestricted Funds -		
Total assets, excluding fixed assets at depreciated cost	\$318,263	\$ 160,573
Total liabilities, excluding noncurrent portion of note payable	<u>212,052</u>	<u>261,959</u>
Working capital (deficit)	<u>\$106,211</u>	<u>\$(101,386)</u>

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

6. Commitments And Contingent Liabilities

The Society entered into a two-year agreement with the Musician's Association of Hawaii, Local 677, effective June 1, 1980. The terms of the agreement, as amended on August 8, 1980, provide for the Society to:

- . Employ fifty-seven full contract musicians for the 1981-82 season at a minimum of \$360 per week and that the season consist of thirty-eight weeks including three weeks paid vacation.

Under contracts subsequently signed with the fifty-seven musicians, the aggregate amount payable for the 1981-82 season is approximately \$890,000. At August 31, 1981, approximately \$835,000 remained payable through the end of the 1981-82 season.

- . Pay severance whenever the Society does not reissue a personal contract to any full contract musician who has been employed continuously for five years or more. The severance pay ranges from \$500 to \$1,000 based upon the number of years employed. At May 31, 1981, twenty-eight full contract musicians had five or more years of continuous service.

Under contracts subsequently signed with guest artists, the aggregate amount payable for the 1981-82 season is approximately \$193,000. At August 31, 1981, approximately \$152,000 remained payable through the end of the 1981-82 season.

7. Opera

Effective June 1, 1980, the Board of Director's of the Society authorized Hawaii Opera Theatre, a division of the Society, to separate its operations from those of the Society and the transfer of all opera sets, materials and other items formerly used by the opera for opera productions to the Hawaii Opera Theatre. The cost of these items had been charged to operations in previous periods.

In fiscal 1981, the Society entered into a contract to provide Hawaii Opera Theatre the services of its orchestra and ticket office personnel for certain opera performances. Total fees received by the Society for such services amounted to \$88,868.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds
for the years ended May 31, 1980 and 1979

	<u>1980</u>	<u>1979</u>
REVENUES:		
Ticket revenues and concert fees -		
Subscription concerts	\$ 371,766	\$ 299,279
Special concerts	335,886	189,296
Operas (Note 8)	203,768	175,294
Starlight concerts	89,444	78,813
Youth concerts	46,415	37,356
Tour concerts	43,000	54,600
POPS concerts	37,597	36,066
	<u>1,127,876</u>	<u>870,704</u>
Grants -		
National Endowment for the Arts (Note 5)	160,000	250,600
State	160,750	145,000
City and County of Honolulu	75,000	75,000
Foundation grants for specific concerts	47,500	-
	<u>443,250</u>	<u>470,600</u>
Contributions and bequests	449,155	479,972
Program advertising	49,579	49,344
Dividends and interest	48,908	116,869
Women's Association contribution (Note 5)	35,000	36,000
Other	5,002	3,373
	<u>2,158,770</u>	<u>2,026,862</u>
Total revenues		

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds (Cont'd)
for the years ended May 31, 1980 and 1979

	<u>1980</u>	<u>1979</u>
EXPENSES:		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$1,171,769	\$ 983,722
Guest conductors and artists	<u>303,749</u>	<u>273,384</u>
	<u>1,475,518</u>	<u>1,257,106</u>
Production -		
Production fees, salaries, payroll taxes and benefits	233,958	172,075
Auditoriums	108,077	116,467
Sets, costumes, props and other	99,116	94,624
Advertising and promotion	83,642	87,952
Programs and tickets	79,913	67,872
Orchestra travel and drayage	68,185	113,381
Music rentals and purchases	<u>41,154</u>	<u>36,879</u>
	<u>714,045</u>	<u>689,250</u>
Administrative and Fund Raising -		
Office salaries, payroll taxes and other benefits	272,076	233,986
Office rent, supplies and other	72,970	67,363
Outside services	28,771	36,921
Fund raising expenses	15,761	16,585
Sales commissions	9,398	6,411
Dues	6,494	8,860
Other	<u>13,386</u>	<u>29,011</u>
	<u>418,856</u>	<u>399,137</u>
Loss on sales of securities	119,731	78,740
Interest	<u>13,589</u>	<u>43,585</u>
Total expenses	<u>2,741,739</u>	<u>2,467,818</u>
Excess of expenses over revenues	(582,969)	(440,956)
FUND BALANCE (DEFICIT):		
Beginning of year	490,047	1,040,819
Transfers to Restricted Endowment Fund	<u>-</u>	<u>(109,816)</u>
End of year	<u>\$ (92,922)</u>	<u>\$ 490,047</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of changes in Restricted Endowment Fund balance (Note 6)
for the years ended May 31, 1980 and 1979

Fund balance, May 31, 1978	\$ -
Transfer from Unrestricted Funds	109,816
Mellon Foundation grant	<u>50,000</u>
Fund balance, May 31, 1979	159,816
Gain on sales of securities	<u>91,808</u>
Fund balance, May 31, 1980	<u>\$251,624</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

3. Investments

At May 31, 1980 and 1979, the carrying value of investments and related value at market quotation were as follows:

	<u>Carrying value</u>	<u>Value at market quotation</u>
<u>1980</u>		
Unrestricted Funds	\$ 9,188	\$ 11,000
Restricted Endowment Fund	<u>247,687</u>	<u>243,600</u>
	<u>\$ 256,875</u>	<u>\$ 254,600</u>
<u>1979</u>		
Unrestricted Funds	\$ 907,857	\$ 825,500
Restricted Endowment Fund	<u>159,696</u>	<u>202,100</u>
	<u>\$1,067,553</u>	<u>\$1,027,600</u>

4. Note Payable

During fiscal 1980, the Society purchased a duplicating machine financed in part by a 13.25% five-year installment note requiring monthly payments of \$309 including interest. The equipment is pledged as collateral for the note. At May 31, 1980, the current portion of the note amounted to \$2,300.

5. National Endowment For The Arts

Challenge Grant -

The Society was awarded a \$100,000 challenge grant by the National Endowment for the Arts (NEA). The major provisions of the grant provide for the Society to (a) initially obtain \$100,000 of new

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

contributions or pledges to be paid by the end of the grant period, May 31, 1981, and (b) broaden its base of financial support by an additional \$300,000 during the grant period.

During fiscal 1979, the Society, upon satisfying provision (a) above, applied for and received the \$100,000 from the NEA which has been reflected as grant income. During fiscal 1980, the other provisions of the challenge grant were met.

Other NEA Grants -

The Women's Association contribution is primarily used as matching funds for other NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the Statement of Operations.

6. Andrew W. Mellon Foundation Grant

The Society is participating in a program of grants from the Andrew W. Mellon Foundation under which the Society may receive an appropriation of up to \$150,000. The major provisions of the grant provide for the Society to (a) obtain matching gifts through September 30, 1980 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grants, as permanent endowment. Income earned on funds received from the Foundation and on matching gifts is available to improve the Society's net current position.

During fiscal 1979, gifts totaling \$152,262 were designated for matching purposes by the Board of Directors and the first \$50,000 of the grant was applied for and received. In this connection the Board of Directors approved the establishment of a new Restricted Endowment Fund and, as of May 31, 1979, investment securities and cash with an aggregate value of \$202,262 (\$159,816 at carrying value) were designated as assets of the new Restricted Endowment Fund.

As required by the grant, the following information is provided as of May 31, 1980 and 1979:

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

	<u>1980</u>	<u>1979</u>
Unrestricted Funds -		
Total assets, excluding fixed assets at depreciated cost	\$ 160,573	\$1,057,252
Total liabilities, excluding noncurrent portion of note payable	<u>261,959</u>	<u>573,192</u>
Working capital (deficit)	<u>\$(101,386)</u>	<u>\$ 484,060</u>

7. Commitments And Contingent Liabilities

The Society entered into a two-year agreement with the Musician's Association of Hawaii, Local 677, effective June 1, 1980. The terms of the agreement provide for the Society to:

- . Employ fifty-seven full contract musicians for the 1980/81 season at a minimum salary of \$320 per week and that the season consist of thirty-eight weeks of which thirty-five weeks will be salaried and three consecutive weeks will be without pay.

Under contracts subsequently signed with the fifty-seven musicians, the aggregate amount payable for the 1980/81 season is approximately \$700,000. At September 30, 1980, approximately \$630,000 remained payable through the end of the 1980/81 season.

- . Pay the Musician's Association \$100,000 in the event that the Society's 1981/82 union contract opening offer or final contract provides for less than fifty-seven full contract musicians, a thirty-eight week fully paid season and a minimum salary of \$350 per week.
- . Pay severance whenever the Society does not reissue a personal contract to any full contract musician who has been

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

employed continuously for five years or more. The severance pay ranges from \$500 to \$1,000 based upon the number of years employed. At May 31, 1980, thirty-seven full contract musicians had five years or more of continuous service.

Under contracts subsequently signed with guest artists and other personnel, the aggregate amount payable for the 1980/81 season is approximately \$200,000. At September 30, 1980 approximately \$180,000 remained payable through the end of the 1980/81 season.

During the period from June 1 through September 30, 1980, the Society collected approximately \$300,000 for tickets sold for 1980/81 season performances. The first performance of the season is in October 1980.

8. Opera

Effective June 1, 1980, the Board of Director's of the Society authorized Hawaii Opera Theatre, a division of the Society, to separate its operations from those of the Society and the transfer of all opera sets, materials and other items formerly used by the opera for opera productions to the Hawaii Opera Theatre. The cost of these items had been charged to operations in previous periods.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund deficit
of the Current Fund (continued)
for the years ended May 31, 1979 and 1978

	<u>1979</u>	<u>1978</u>
EXPENSES:		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$ 983,722	\$ 894,829
Guest conductors and artists	<u>273,384</u>	<u>186,289</u>
	<u>1,257,106</u>	<u>1,081,118</u>
Production -		
Production fees, salaries, payroll taxes and benefits	172,075	175,167
Auditoriums	116,467	99,328
Orchestra travel and drayage	113,381	47,454
Sets, costumes, props and other	94,624	59,217
Advertising and promotion	87,952	42,346
Programs and tickets	67,872	43,936
Music rentals and purchases	<u>36,879</u>	<u>27,782</u>
	<u>689,250</u>	<u>495,230</u>
Administrative and Fund Raising -		
Office salaries, payroll taxes and other benefits	233,986	237,222
Office rent, supplies and other	67,363	42,983
Outside services	36,921	28,101
Fund raising expenses	16,585	26,193
Dues	8,860	12,501
Sales commissions	6,411	8,427
Other	<u>29,011</u>	<u>15,313</u>
	<u>399,137</u>	<u>370,740</u>
Interest	43,585	33,632
Loss on sales of securities	<u>8,942</u>	<u>-</u>
Total expenses	<u>2,398,020</u>	<u>1,980,720</u>
Excess of expenses over revenues	371,158	236,976
FUND DEFICIT:		
Beginning of year	103,966	424,052
Net transfers to (from) Unrestricted Endowment Funds	<u>76,407</u>	<u>(557,062)</u>
End of year	<u>\$ 551,531</u>	<u>\$ 103,966</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of changes in fund balances
of the Endowment Funds
for the years ended May 31, 1979 and 1978

	<u>Unrestricted</u>	<u>Restricted</u> (Note 7)
Fund balances, June 1, 1977	\$1,690,834	\$ -
Transfer to Current Fund (Note 2)	(600,000)	-
Transfer from Current Fund	42,938	-
Gain on sales of securities	<u>11,013</u>	<u>-</u>
Fund balances, May 31, 1978	1,144,785	-
Net transfers from Current Fund	76,407	-
Transfer to Restricted Endowment Fund	(109,816)	109,816
Loss on sales of securities	(69,798)	-
Mellon Foundation grant	<u>-</u>	<u>50,000</u>
Fund balances, May 31, 1979	<u>\$1,041,578</u>	<u>\$159,816</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

4. Investments

At May 31, 1979, the carrying value of investments and related value at market quotation were as follows:

	<u>Carrying value</u>	<u>Value at market quotation</u>
Total Unrestricted Funds	\$ 907,857	\$ 825,500
Restricted Endowment Fund	<u>159,696</u>	<u>202,100</u>
	<u>\$1,067,553</u>	<u>\$1,027,600</u>

Investments with a carrying value of \$610,000 (market quotation of \$623,000) were pledged as collateral for the line of credit (see Note 5).

5. Notes Payable To Bank

At May 31, 1979, the Society had short-term loans of \$270,000 under a \$400,000 bank line of credit, bearing interest at the prime rate of 11.75%. At that date, marketable securities were pledged as collateral for the line of credit (see Note 4).

Subsequent to May 31, 1979, the Society repaid the short-term notes in full. Certain Unrestricted Endowment Fund investments were sold and \$205,000 was advanced to the Current Fund to retire these notes.

6. National Endowment For The Arts

Challenge Grant -

The Society was awarded a \$100,000 challenge grant by the National Endowment for the Arts (NEA). The major provisions of the grant provide for the Society to (a) initially obtain \$100,000 of new

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

contributions or pledges to be paid by the end of the grant period, May 31, 1981, and (b) broaden its base of financial support by an additional \$300,000 during the grant period.

During fiscal 1979, the Society, upon satisfying provision (a) above, applied for and received the \$100,000 from the NEA which has been reflected as grant income. Management believes that all provisions of the challenge grant will be met by May 31, 1981.

Other NEA Grants -

The Women's Association contribution is primarily used as matching funds for other NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the Current Fund Statement of Operations.

7. Andrew W. Mellon Foundation Grant

The Society is participating in a program of grants from the Andrew W. Mellon Foundation under which the Society may receive an appropriation of up to \$150,000. The major provisions of the grant provide for the Society to (a) obtain matching gifts through September 30, 1980 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grant, as permanent endowment. Income earned on funds received from the Foundation and on matching gifts is available to improve the Society's net current position.

During fiscal 1979, gifts totaling \$152,262 were designated for matching purposes by the Board of Directors and the first \$50,000 of the grant was applied for and received. In this connection the Board of Directors approved the establishment of a new Restricted Endowment Fund and, as of May 31, 1979, investment securities and cash with an aggregate value of \$202,262 (\$159,816 at carrying value) were designated as assets of the new Restricted Endowment Fund.

As required by the grant, the following information is provided as of May 31, 1979 and 1978:

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

	<u>1979</u>	<u>1978</u>
Current Fund -		
Total assets, excluding fixed		
assets at depreciated cost	\$ 15,674	\$ 774,675
Total liabilities	<u>573,192</u>	<u>885,142</u>
 Working capital deficit	 <u>\$ (557,518)</u>	 <u>\$ (110,467)</u>
Total Unrestricted Funds -		
Total assets, excluding fixed		
assets at depreciated cost	\$1,057,252	\$1,919,460
Total liabilities	<u>573,192</u>	<u>885,142</u>
 Working capital	 <u>\$ 484,060</u>	 <u>\$1,034,318</u>

8. Commitments

The Society has noncancelable leases expiring in November 1979 covering its present office premises and is currently reviewing alternative office sites.

At May 31, 1979, the minimum rental commitments under these leases aggregated \$11,730.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds
for the years ended May 31, 1982 and 1981

	<u>1982</u>	<u>1981</u>
REVENUES:		
Ticket revenues and concert fees -		
Subscription concerts	\$ 516,331	\$ 418,195
Special concerts	208,755	220,250
Starlight concerts	146,387	108,108
Youth concerts	49,241	36,445
Tour concerts	30,490	21,878
POPS concerts	-	25,478
	<u>951,204</u>	<u>830,354</u>
Other fees - Hawaii Opera Theatre (Note 7)	<u>107,577</u>	<u>88,868</u>
	<u>1,058,781</u>	<u>919,222</u>
Grants -		
State	240,000	158,000
National Endowment for the Arts (Note 4)	156,800	132,000
City and County of Honolulu	75,000	75,000
Foundation grants for specific concerts	53,500	20,000
	<u>525,300</u>	<u>385,000</u>
Contributions	640,881	936,383
Dividends and interest	66,623	41,764
Program advertising	59,913	52,010
Women's Association contribution (Note 4)	55,425	78,500
Broadcasting	22,000	-
Gain on sales of securities	-	3,164
Other	13,259	210
	<u>2,442,182</u>	<u>2,416,253</u>
Total revenues		

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds (Cont'd)
for the years ended May 31, 1982 and 1981

	<u>1982</u>	<u>1981</u>
EXPENSES:		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$1,339,535	\$1,072,945
Guest conductors and artists	<u>238,397</u>	<u>235,258</u>
	<u>1,577,932</u>	<u>1,308,203</u>
Production -		
Advertising and promotion	120,818	84,966
Programs and tickets	117,680	101,975
Orchestra travel and drayage	85,147	77,234
Sets, costumes, sound, auditions and other	74,815	52,608
Auditoriums	74,549	82,539
Production fees, salaries, payroll taxes and benefits	67,069	41,187
Music rentals and purchases	<u>46,792</u>	<u>48,346</u>
	<u>586,870</u>	<u>488,855</u>
Administrative and Fund Raising -		
Office salaries, payroll taxes and other benefits	279,010	248,472
Office rent, supplies and other	84,193	85,660
Outside services	67,766	32,105
Fund raising expenses	18,234	21,913
Dues	3,655	6,738
Sales commissions	1,126	1,339
Other	<u>11,008</u>	<u>15,201</u>
	464,992	411,428
Loss on sales of securities	2,724	-
Interest	<u>2,626</u>	<u>1,403</u>
Total expenses	<u>2,635,144</u>	<u>2,209,889</u>
Excess of revenue over (under) expenses	(192,962)	206,364
FUND BALANCE (DEFICIT):		
Beginning of year	<u>113,442</u>	<u>(92,922)</u>
End of year	<u>\$ (79,520)</u>	<u>\$ 113,442</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of changes in Restricted Endowment Fund balance (Note 5)
for the years ended May 31, 1982 and 1981

Fund balance, May 31, 1981 and 1980	\$251,624
Gift received (Note 5)	<u>98,813</u>
Fund balance, May 31, 1982	<u>\$350,437</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

2. Investments

Investments are held by Hawaiian Trust Company, Limited, as custodian, for the Society. At May 31, 1982 and 1981, the carrying value of investments and related fair value (value at market quotation for common stocks) were as follows:

	1982		1981	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>UNRESTRICTED FUNDS</u>				
Short-term investments -				
13.776% Short-term Investments	\$ 64,800	\$ 64,800	\$ -	\$ -
Company Open End Notes	-	-	34,000	34,000
Federated Money Market Trust	-	-	500	500
Other	9,816	11,800	8,920	12,300
Other investments in common stocks				
	<u>\$ 74,616</u>	<u>\$ 76,600</u>	<u>\$ 43,420</u>	<u>\$ 46,800</u>
<u>RESTRICTED FUND</u>				
Short-term investments -				
Federated Money Market Trust	\$ -	\$ -	\$150,400	\$150,400
13.776% Short-term Investments	53,400	53,400	-	-
Company Open End Notes	4,000	4,000	100,000	100,000
13.333% Wells Fargo Open End Note	-	-	-	-
13.625% - 14.250% U.S. Treasury	122,703	126,200	-	-
Notes	125,000	126,200	26,187	22,100
Other investments in common stocks				
	<u>\$305,103</u>	<u>\$309,800</u>	<u>\$276,587</u>	<u>\$272,500</u>

3. Note Payable

During fiscal 1980, the Society purchased a duplicating machine financed in part by a 13.25% five-year installment note requiring monthly payments of \$309 including interest. The equipment is pledged as collateral for the note. At May 31, 1982, the current portion of the note amounted to \$2,994.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

4. National Endowment For The Arts

The Women's Association contribution is primarily used as matching funds for NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the statement of operations.

5. Andrew W. Mellon Foundation Grant

The Society is participating in a program of grants from the Andrew W. Mellon Foundation under which the Society may receive an appropriation of up to \$150,000. The major provisions of the grant provide for the Society to (a) obtain matching gifts through September 30, 1982 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grants, as a permanent endowment. Income earned on funds received from the Foundation and on matching gifts is available to improve the Society's net current position. At May 31, 1982, \$50,000 of the grant had been received.

During fiscal 1982, a gift of common stock with a fair value of \$98,813 was designated for matching purposes by the Board of Directors. Subsequent to May 31, 1982, the Society applied for \$32,900 of the grant appropriation.

As required by the grant, the following information is provided as of May 31, 1982 and 1981:

	<u>1982</u>	<u>1981</u>
Unrestricted Funds -		
Total assets, excluding fixed		
assets at depreciated cost	\$292,511	\$318,263
Total liabilities, excluding		
noncurrent portion of note		
payable	<u>379,674</u>	<u>212,052</u>
Working capital (deficit)	<u>\$(87,163)</u>	<u>\$106,211</u>

6. Commitments And Contingent Liabilities

The Society entered into a one-year agreement with the Musician's Association of Hawaii, Local 677, effective June 1, 1982. The terms of the agreement provide for the Society to:

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

- . Employ fifty-seven full contract musicians for the 1982-83 season at a minimum of \$371 per week and that the season consist of thirty-eight weeks including three weeks paid vacation.

Under contracts subsequently signed with the fifty-seven musicians, the aggregate amount payable for the 1982-83 season is approximately \$930,000. At August 31, 1982, approximately \$805,000 remained payable through the end of the 1982-83 season.

- . Pay severance whenever the Society does not reissue a personal contract to any full contract musician who has been employed continuously for five years or more. The severance pay ranges from \$500 to \$1,000 based upon the number of years employed. At May 31, 1982, thirty-two full contract musicians had five or more years of continuous service.

Under contracts subsequently signed with guest artists, the aggregate amount payable for the 1982-83 season is approximately \$360,000. At August 31, 1982, approximately \$309,000 remained payable through the end of the 1982-83 season.

7. Opera

Effective June 1, 1980, the Board of Director's of the Society authorized Hawaii Opera Theatre, a division of the Society, to separate its operations from those of the Society and the transfer of all opera sets, materials and other items formerly used by the opera for opera productions to the Hawaii Opera Theatre. The cost of these items had been charged to operations in previous periods.

In fiscal 1981, the Society entered into a contract to provide Hawaii Opera Theatre the services of its orchestra and ticket office personnel for certain opera performances. Total fees received by the Society for such services amounted to \$107,577 and \$88,868 in fiscal 1982 and 1981, respectively.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds
for the years ended May 31, 1983 and 1982

	<u>1983</u>	<u>1982</u>
REVENUES:		
Ticket revenues and concert fees -		
Subscription concerts	\$ 569,405	\$ 516,331
Special concerts	370,715	208,755
Starlight concerts	104,415	146,387
Youth concerts	49,385	49,241
Tour concerts	<u>33,509</u>	<u>30,490</u>
	1,127,429	951,204
Other fees - Hawaii Opera		
Theatre (Note 7)	<u>92,022</u>	<u>107,577</u>
	<u>1,219,451</u>	<u>1,058,781</u>
Grants -		
State	257,420	240,000
National Endowment for the Arts (Note 4)	159,200	156,800
City and County of Honolulu	75,000	75,000
Foundation grants for specific concerts	<u>25,000</u>	<u>53,500</u>
	<u>516,620</u>	<u>525,300</u>
Contributions	987,983	640,881
Women's Association contribution (Note 4)	90,000	55,425
Dividends and interest	66,049	66,623
Program advertising	7,018	59,913
Broadcasting	6,000	22,000
Gain on sales of securities	2,004	-
Other	<u>5,957</u>	<u>13,259</u>
Total revenues	<u>2,901,082</u>	<u>2,442,182</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds (Cont'd)
for the years ended May 31, 1983 and 1982

	<u>1983</u>	<u>1982</u>
EXPENSES:		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$1,391,733	\$1,339,535
Guest conductors and artists	<u>406,566</u>	<u>238,397</u>
	<u>1,798,299</u>	<u>1,577,932</u>
Production -		
Advertising and promotion	125,942	120,818
Production fees, salaries, payroll taxes and benefits	91,053	67,069
Orchestra travel and drayage	85,626	85,147
Auditoriums	84,918	74,549
Sets, costumes, sound, auditions and other	70,173	74,815
Programs and tickets	54,173	117,680
Music rentals and purchases	<u>36,776</u>	<u>46,792</u>
	<u>548,661</u>	<u>586,870</u>
Administrative and Fund Raising -		
Office salaries, payroll taxes and other benefits	290,343	279,010
Office rent, supplies and other	84,000	84,193
Outside services	36,545	67,766
Fund raising expenses	29,168	18,234
Dues	3,575	3,655
Sales commissions	2,495	1,126
Other	<u>23,398</u>	<u>11,008</u>
	<u>469,524</u>	<u>464,992</u>
Loss on sales of securities	-	2,724
Interest	<u>712</u>	<u>2,626</u>
Total expenses	<u>2,817,196</u>	<u>2,635,144</u>
Excess of revenue over (under) expenses	83,886	(192,962)
FUND BALANCE (DEFICIT):		
Beginning of year	<u>(79,520)</u>	<u>113,442</u>
End of year	<u>\$ 4,366</u>	<u>\$ (79,520)</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of changes in Restricted Endowment Fund balance (Note 5)
for the years ended May 31, 1983 and 1982

Fund balance, June 1, 1981	\$251,624
Gift received	<u>98,813</u>
Fund balance, May 31, 1982	350,437
Gifts received	207,645
Andrew W. Mellon Foundation Grant	<u>100,000</u>
Fund balance, May 31, 1983	<u>\$658,082</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

investments and related fair value (value at market quotation for common stocks) were as follows:

	1983		1982	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<u>UNRESTRICTED FUNDS</u>				
Short-term investments -				
8.352% - 13.776% Investment				
Company Open End Notes	\$ 53,500	\$ 53,500	\$ 64,800	\$ 64,800
Other investments in common stocks	998	1,100	9,816	11,800
	<u>\$ 54,498</u>	<u>\$ 54,600</u>	<u>\$ 74,616</u>	<u>\$ 76,600</u>
<u>RESTRICTED FUND</u>				
Short-term investments -				
8.352% - 13.776% Investment Company				
Open End Notes	\$295,000	\$295,000	\$ 53,400	\$ 53,400
13.625% - 14.250% U.S. Treasury				
Notes	73,828	77,800	122,703	126,200
13.333% Wells Fargo Open End Note	-	-	4,000	4,000
12% Promissory note collateralized				
by a mortgage on an apartment				
due 1-19-85	103,250	103,200	-	-
Other investments in common stocks	161,468	175,500	125,000	126,200
	<u>\$633,546</u>	<u>\$651,500</u>	<u>\$305,103</u>	<u>\$309,800</u>

3. Note Payable

During fiscal 1980, the Society purchased a duplicating machine financed in part by a 13.25% five-year installment note requiring monthly payments of \$309 including interest. The equipment is pledged as collateral for the note. At May 31, 1983, the current portion of the note amounted to \$3,422.

In July 1983 the Society obtained a \$50,000 line of credit with Bank of Hawaii. Advances under the line will be evidenced by 180 day notes. Interest will be initially at 1/2% over the Bank's base rate. The line of credit was undrawn as of September 26, 1983.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

4. National Endowment For The Arts

The Women's Association contribution is primarily used as matching funds for NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the statement of operations.

5. Andrew W. Mellon Foundation Grant

The Society participated in a program of grants from the Andrew W. Mellon Foundation under which the Society received \$150,000 including \$100,000 in fiscal 1983. The major provisions of the grant provided for the Society to (a) obtain matching gifts through September 30, 1982 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grants, as a permanent endowment. Income earned on funds received from the Foundation and on matching gifts is available to improve the Society's net current position.

As required by the grant, the following information is provided as of May 31, 1983 and 1982:

	<u>1983</u>	<u>1982</u>
Unrestricted Funds -		
Total assets, excluding fixed assets at depreciated cost	\$481,169	\$292,511
Total liabilities, excluding noncurrent portion of note payable	<u>485,002</u>	<u>379,674</u>
Working capital (deficit)	<u>\$ (3,833)</u>	<u>\$ (87,163)</u>

6. Commitments

Collective bargaining negotiation:

The collective bargaining agreement with the Musician's Association of Hawaii, Local 677, expired on May 31, 1983. As of September 26, 1983, negotiations for a new agreement are in progress.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

Subsequent to May 31, 1983, the Society is making payments to the musicians at a minimum of \$371 per week which is the same rate as the expired agreement.

Based on the expired agreement the aggregate amount that would be payable to the musicians for the 1983-84 season is approximately \$810,000 of which approximately \$140,000 has been paid through September 26, 1983.

Contracts with guest artists:

Under contracts subsequently signed with guest artists, the aggregate amount payable for the 1983-84 season is approximately \$174,000. At September 26, 1983, approximately \$123,000 remained payable through the end of the 1983-84 season.

Lease:

In 1983 the Society entered into a lease agreement for certain equipment expiring in August 1987. At May 31, 1983 future annual lease payments required under the operating lease are \$4,500 (aggregate of \$18,700).

7. Opera

Effective June 1, 1980, the Board of Directors of the Society authorized Hawaii Opera Theatre, a division of the Society, to separate its operations from those of the Society and the transfer of all opera sets, materials and other items formerly used by the opera for opera productions to the Hawaii Opera Theatre. The cost of these items had been charged to operations in previous periods.

In fiscal 1981, the Society entered into a contract to provide Hawaii Opera Theatre the services of its orchestra and ticket office personnel for certain opera performances. Total fees received by the Society for such services amounted to \$92,022 and \$107,577 in fiscal 1983 and 1982, respectively.

8. Pension Contributions

The collective bargaining agreement which expired on May 31, 1983 (see Note 6) between the Society and the American Federation of Musicians required the Society to make contributions to a pension fund on behalf of the qualified union members. The contribution is calculated as 5% of the union wage scale for each hour worked which amounted to \$57,558 in 1983 and \$55,478 in 1982.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds
for the years ended May 31, 1984 and 1983

REVENUES:	<u>1984</u>	<u>1983</u>
Ticket revenues and concert fees -		
Subscription concerts	\$ 589,882	\$ 569,405
Special concerts	136,817	370,715
Starlight concerts	110,904	104,415
Youth concerts	56,382	49,385
Tour concerts	<u>53,283</u>	<u>33,509</u>
	<u>947,268</u>	<u>1,127,429</u>
Other fees - Hawaii Opera Theatre (Note 7)	<u>87,702</u>	<u>92,022</u>
	<u>1,034,970</u>	<u>1,219,451</u>
Grants -		
State	248,258	257,420
National Endowment for the Arts (Note 4)	95,500	159,200
City and County of Honolulu	75,000	75,000
Foundation grants for specific concerts	<u>25,000</u>	<u>25,000</u>
	<u>443,758</u>	<u>516,620</u>
Contributions	823,223	987,983
Women's Association contribution (Note 4)	105,000	90,000
Dividends and interest (Note 5)	91,818	66,049
Gain on sales of securities	-	2,004
Broadcasting	4,500	6,000
Program advertising	2,868	7,018
Other	<u>16,393</u>	<u>5,957</u>
Total revenues	<u>2,522,530</u>	<u>2,901,082</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of operations and changes in fund balances (deficit)
of the Unrestricted Funds (Cont'd)
for the years ended May 31, 1984 and 1983

	<u>1984</u>	<u>1983</u>
EXPENSES:		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$1,330,868	\$1,391,733
Guest conductors and artists	<u>240,611</u>	<u>406,566</u>
	<u>1,571,479</u>	<u>1,798,299</u>
Production -		
Orchestra travel and drayage	128,508	85,626
Advertising and promotion	93,449	125,942
Auditoriums	67,995	84,918
Sets, costumes, sound, auditions and other	65,427	70,173
Production fees, salaries, payroll taxes and benefits	59,994	91,053
Music rentals and purchases	35,849	36,776
Programs and tickets	<u>32,498</u>	<u>54,173</u>
	<u>483,720</u>	<u>548,661</u>
Administrative and Fund Raising -		
Office salaries, payroll taxes and other benefits	308,972	290,343
Office rent, supplies and other	87,817	84,000
Outside services	55,200	36,545
Fund raising expenses	24,031	29,168
Dues	4,367	3,575
Sales commissions	3,355	2,495
Other	<u>11,709</u>	<u>23,398</u>
	<u>495,451</u>	<u>469,524</u>
Loss on sales of securities	338	-
Interest	<u>339</u>	<u>712</u>
	<u>2,551,327</u>	<u>2,817,196</u>
Total expenses		
Excess of revenue over (under) expenses before transfer from Restricted Endowment Fund	(28,797)	83,886
Transfer of net gains from sale of securities from Restricted Endowment Fund (Note 5)	<u>38,059</u>	<u>-</u>
Excess of revenues and transfer over expenses	9,262	83,886
FUND BALANCE (DEFICIT):		
Beginning of year	<u>4,366</u>	<u>(79,520)</u>
End of year	<u>\$ 13,628</u>	<u>\$ 4,366</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statement of changes in Restricted Endowment Fund balance (Note 5)
for the years ended May 31, 1984 and 1983

Fund balance, June 1, 1982		\$350,437
Gifts received, matching funds		207,645
Andrew W. Mellon Foundation Grant		<u>100,000</u>
Fund balance, May 31, 1983		658,082
Gifts received, designated by:		
Board of Directors	\$ 36,872	
Donors	<u>4,950</u>	41,822
Transfer to Unrestricted Funds:		
Gain on sales of securities, prior year	49,212	
Less, loss on sales of securities, current year	<u>(11,153)</u>	<u>(38,059)</u>
Fund balance, May 31, 1984		<u>\$650,692</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

4. National Endowment For The Arts

The Women's Association contribution is used in part as matching funds for NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the statement of operations.

5. Restricted Endowment Fund

Andrew W. Mellon Foundation Grant:

The Society participated in a program of grants from the Andrew W. Mellon Foundation under which the Society received \$150,000 including \$100,000 in fiscal 1983. The major provisions of the grant provided for the Society to (a) obtain matching gifts through September 30, 1982 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grants, as a permanent endowment. Income earned on funds received from the Foundation and on matching gifts is to be applied to improve the Society's net current position during the eight year period ending December 31, 1984. Thereafter such income is available for general program purposes. Accordingly, interest and dividend income of \$72,288 and \$54,948 earned on Endowment Fund investments is reflected as revenue of the unrestricted funds in fiscal 1984 and 1983, respectively.

As required by the grant, the following information is provided as of May 31, 1984 and 1983:

	<u>1984</u>	<u>1983</u>
Unrestricted Funds -		
Total assets, excluding fixed assets at depreciated cost	\$592,001	\$481,169
Total liabilities, excluding noncurrent portion of note payable (none in fiscal 1984 and 1983)	<u>585,977</u>	<u>485,002</u>
Working capital (deficit)	<u>\$ 6,024</u>	<u>\$ (3,833)</u>

HONOLULU SYMPHONY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MAY 31, 1987

UNRESTRICTED CURRENT FUND

REVENUES:

Ticket Revenues and concert fees \$698,749

Other fees - Hawaii Opera Theater 110,000

808,749

Grants -

State 255,000

City and County of Honolulu 100,000

National Endowment for the Arts 58,500

413,500

Other Revenues -

Contributions 882,345

Dividends and interest 77,795

Program Advertising 53,104

Women's Association contribution 60,000

Gain on Sale of Securities, net 14,796

Other 17,038

1,105,078

Total Revenues

\$2,327,327

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HONOLULU SYMPHONY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MAY 31, 1987

UNRESTRICTED CURRENT FUND

EXPENSES:

Artistic -

Orchestra salaries, payroll taxes and benefits	\$1,120,956
Guest conductors and artists	144,684

1,265,640

Production -

Programs and tickets	134,177
Orchestra travel and drayage	83,050
Production fees, salaries, payroll taxes and benefits	55,932
Advertising and promotion	93,365
Auditoriums	65,482
Sets, costumes, sound, auditions and others	70,682
Music rentals and purchases	64,059

566,748

Administrative and Fund Raising -

Office salaries, payroll taxes and benefits	434,362
Office rent, supplies and others	90,991
Outside services	82,276
Fund raising expenses	23,765
Dues	3,629
Sales commissions	395
Other	3,827

639,245

Total expenses

2,471,633

Excess of expenses over revenues

(144,307)

Transfer from Unrestricted Endowment Fund

250,000

105,693

FUND BALANCE (Deficit):

Beginning of year	(183,653)
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End of year

(\$77,960)
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HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

The terms of the Agreement with the Musicians Association include provisions for the Society to:

- Employ fifty-seven full-time contract musicians for the 1987-88 through 1989-90 seasons as follows:

<u>Season</u>	<u>Minimum per week</u>	<u>Number of weeks</u>
1987-88	<u>\$440</u>	19
	<u>\$453</u>	<u>19</u>
		<u>38</u>
1988-89	<u>\$469</u>	19
	<u>\$485</u>	<u>20</u>
		<u>39</u>
1989-90	<u>\$522</u>	<u>41</u>

- Pay severance whenever the Society does not reissue a personal contract to any full contract musician who has been employed continuously for five years or more. The severance pay ranges from \$500 to \$1,000 based upon the number of years employed. At May 17, 1988, twenty-three full contract musicians had five or more years of continuous service.

9. Other Commitments

Contracts With Guest Artists:

Under contracts signed with guest artists, the aggregate amount payable for the 1987-88 season was approximately \$354,000 including related airfare and hotel costs.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

2. Pledges For Future Support

The Society has received a number of pledges for future support of operations including a \$150,000 pledge from the McInerny Foundation payable over five years of which \$30,000 was received in both 1987 and 1986. In accordance with the Society's policy, such pledges are recorded as revenue in the periods designated by the donors.

3. Investments

Investments are held by Hawaiian Trust Company, Limited, as custodian, for the Society. At May 31, 1987 and 1986, the carrying value of investments and related fair value (value at market quotation for common stock and corporate bonds) were as follows:

	1987		1986	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Unrestricted Funds</u>				
Current fund -				
Common stock	\$ 6,993	\$ 7,328	\$ 7,263	\$ 13,985
Endowment fund -				
Common stock	150,684	160,484	143,143	161,007
U.S. Treasury notes	135,652	130,034	-	-
Corporate bond	49,405	47,250	98,811	96,625
Limited partnership interest	5,000	5,000	5,000	5,000
	<u>340,741</u>	<u>342,768</u>	<u>246,954</u>	<u>262,632</u>
	<u>\$347,734</u>	<u>\$350,096</u>	<u>\$254,217</u>	<u>\$276,617</u>
<u>Restricted Endowment Fund</u>				
U.S. Treasury notes	\$381,807	\$369,344	\$215,879	\$215,879
Common stock	295,335	345,812	223,597	235,694
Corporate bond	-	-	104,636	102,500
	<u>\$677,142</u>	<u>\$715,156</u>	<u>\$544,112</u>	<u>\$554,073</u>

HONOLULU SYMPHONY SOCIETYStatements of operations and changes in fund balance
of the Unrestricted Current Fund
for the years ended May 31, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Revenues:		
Concerts -		
Ticket sales	\$1,301,928	\$1,230,387
Contract fees	197,415	436,000
Program advertising sales	165,902	148,095
	<u>1,665,245</u>	<u>1,814,482</u>
Fund raising -		
Contributions	904,630	847,430
Government grants:		
State of Hawaii	975,465	1,071,784
City and County of Honolulu	165,000	165,000
National Endowment for the Arts (Note 3)	75,000	65,000
Special event (net of related expenses of		
\$57,399 in 1989 and \$63,141 in 1988)	147,646	53,625
Radiothon (net of related expenses of \$23,397)	76,314	-
Women's Association contribution (Note 3)	64,000	70,000
	<u>2,408,055</u>	<u>2,272,839</u>
Dividends and interest (Note 4)	151,111	121,445
Gain (loss) on sale of securities, net	2,158	(424)
Other	9,366	4,733
Total revenues	<u>4,235,935</u>	<u>4,213,075</u>
Expenses:		
Artistic -		
Orchestra and conductors' salaries	1,572,363	1,523,266
Payroll taxes and benefits	364,425	366,850
Production and theatre support staff	105,818	97,574
	<u>2,042,606</u>	<u>1,987,690</u>
Guest artists	415,838	335,737
Chorus	10,607	11,280
Auditions	7,493	5,502
Total artistic expenses	<u>2,476,544</u>	<u>2,340,209</u>

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HONOLULU SYMPHONY SOCIETY

Statements of operations and changes in fund balance
of the Unrestricted Current Fund (Continued)
for the years ended May 31, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Production -		
Advertising and promotion	\$ 286,883	\$ 234,435
Tickets and programs	120,572	142,902
Touring	111,215	186,287
Hall rental	97,130	116,174
Music	59,928	56,089
Security, parking and drayage	39,088	28,850
Education	8,120	7,686
Sound, light and other	78,218	86,721
Total production expenses	<u>801,154</u>	<u>859,144</u>
General and administrative -		
Salaries and wages	566,341	466,430
Payroll taxes and benefits	83,939	70,995
	<u>650,280</u>	<u>537,425</u>
Outside professional services	82,114	81,478
Fund raising	37,575	62,620
Telephone and postage	34,331	26,606
Office rent	33,452	38,408
Depreciation	23,223	14,836
Office supplies, equipment rental and maintenance	22,700	30,042
Insurance, dues and other	72,900	89,437
Total general and administrative expenses	<u>956,575</u>	<u>880,852</u>
Total expenses	<u>4,234,273</u>	<u>4,080,205</u>
Excess of revenues over expenses before transfer	1,662	132,870
Transfer of net gains from sales of securities from Restricted Endowment Fund (Note 4)	<u>-</u>	<u>8,654</u>
Excess of revenues and transfer over expenses	1,662	141,524
Fund balance (deficit):		
Beginning of year	<u>63,564</u>	<u>(77,960)</u>
End of year	<u>\$ 65,226</u>	<u>\$ 63,564</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statements of revenues, expenses and changes in fund balances
of the Women's Association and Orchestra Loan Funds
for the years ended May 31, 1989 and 1988

	Women's Association Fund		Orchestra Loan Fund	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Revenues:				
Fund-raising activities, net of related expenses of \$39,063 in 1989 and \$53,182 in 1988	\$41,667	\$34,686	\$ -	\$ -
Thrift shop, net of related expenses of \$12,897 in 1989 and \$13,357 in 1988	30,626	33,407	-	-
Membership dues and contributions	7,759	11,100	-	-
Interest income and other	<u>3,909</u>	<u>1,691</u>	<u>1,733</u>	<u>1,640</u>
Total revenues	<u>83,961</u>	<u>80,884</u>	<u>1,733</u>	<u>1,640</u>
Expenses:				
Contribution to Honolulu Symphony Society (Note 3)	64,000	70,000	-	-
Scholarships	6,382	5,565	-	-
Other fund raising	<u>10,703</u>	<u>4,128</u>	-	-
Total expenses	<u>81,085</u>	<u>79,693</u>	-	-
Excess of revenues over expenses	2,876	1,191	1,733	1,640
Fund balances:				
Beginning of year	<u>12,243</u>	<u>11,052</u>	<u>30,638</u>	<u>28,998</u>
End of year	<u>\$15,119</u>	<u>\$12,243</u>	<u>\$32,371</u>	<u>\$30,638</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statements of changes in fund balances of the
Unrestricted Endowment and Restricted Endowment Funds
for the year ended May 31, 1988

	<u>Endowment Funds (Note 4)</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
Fund balance, June 1, 1987	\$ 561,891	\$ 667,682
Contributions received, designated by donors (exclusive of pledges)	486,181	-
Loss on sales of securities, net	(5,945)	(1,301)
Transfer to Unrestricted Current Fund - gain on sales of securities, net	-	(8,654)
Transfer to The Honolulu Symphony Trust	<u>(1,042,127)</u>	<u>(657,727)</u>
Fund balance, May 31, 1988	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

1. Summary Of Significant Accounting Policies

Fund Accounting -

In order to help ensure observance of limitations and restrictions placed on the use of the resources available to the Society, the accounts of the Society are maintained in accordance with the principles of "fund accounting". Resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with their specified activities or objectives.

Description Of Funds -

The Unrestricted Current Fund includes those assets of the Society which may be used in performing the primary objectives of the Society.

The Women's Association Fund is administered by the Women's Association for the Honolulu Symphony Society. The purpose of the Women's Association is to promote public interest and financial support for the benefit of the Society and to encourage music appreciation and education for young people through awards of music scholarships.

The Orchestra Loan Fund was established from funds of the Society to obtain an open line of credit with a bank enabling orchestra members to obtain personal loans. The assets of the Fund serve as collateral. At May 31, 1989, there were no personal loans outstanding.

The Unrestricted Endowment Fund provided for contributions, gifts, bequests and foundation grants which were not legally restricted but which the Board of Directors set aside for investment to support operations (see Note 4).

The Restricted Endowment Fund was established in connection with provisions of the Andrew W. Mellon Foundation Grant (see Note 4).

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

Investments -

Investments are recorded at cost, if purchased, or market quotation on constructive date of receipt, if received as a gift.

Gains and losses arising from the sale, collection or other disposition of securities are accounted for in the fund which owned such assets and are based upon the specific identification method.

Equipment And Improvements -

Equipment and improvements are stated at cost. Office equipment and musical instruments are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lease term.

Music -

Purchases of music are charged to expense in the year of acquisition.

Pledges -

Pledges for current support are recorded as assets only if they are evidenced in writing and the Society believes collection will be made. All other pledges are recorded as revenue when received.

Bequests -

Bequests are recorded when the amounts to be received are determinable. At that time, properties and securities from such bequests are recorded at fair market value.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

Donated Services And Facilities -

Various individuals and businesses donate their services and facilities toward the Society's programs and fund raising activities. The Society does not believe it is practical to assign or record a value for these donated services and facilities.

Income Taxes -

The Society is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Note Payable

The noninterest-bearing note payable to Duty Free Shoppers, Ltd. at May 31, 1988 was canceled prior to maturity by Duty Free Shoppers, Ltd. and contributed to The Honolulu Symphony Trust - Bridge-To-The-Future Fund A in fiscal 1989.

3. National Endowment For The Arts (NEA)

The Women's Association contribution to the Society is used in part as matching funds for NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the Unrestricted Current Fund and as an expense of the Women's Association Fund.

4. The Honolulu Symphony Trust

On December 5, 1986 the Society and Hawaiian Trust Company, Limited entered into an agreement to create a trust known as "The Honolulu Symphony Trust" (the Trust). The Trust was created exclusively for artistic and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code and has received exemption from

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

income taxes. The Trust is to be administered, managed and dealt with as a single trust estate, except as necessary to preserve and account for separately the Mellon Fund, the Bridge-To-The-Future Fund A, the State Of Hawaii Endowment Fund, and any other funds subsequently created within the Trust.

Income received by The Trust, net of fees, is to be distributed to the Society. In addition, 25% of realized capital gains in excess of realized and unrealized capital losses arising out of investments made in The Trust are to be distributed to the Society provided that the distribution of realized capital gains would not reduce the market value of the assets of the fund involved to a level below the market value of the assets of the fund as of the preceding January 1. The amount of capital gains distributable is to be determined separately as of December 31 of each year.

On May 27, 1988, the Restricted Endowment Fund balance of \$657,727 was distributed to the Trust - Mellon Fund, and the Unrestricted Endowment Fund balance of \$1,042,127 was distributed to the Trust - Bridge-To-The-Future Fund A.

The description of funds are as follows:

Mellon Fund. This Fund was established in connection with the Society's participation in a program of grants from the Andrew W. Mellon Foundation under which the Society received \$150,000. The major provisions of the grant provided for the Society to (a) obtain matching gifts through September 30, 1982 of three dollars for every one dollar received from the Foundation and (b) treat all gifts applied to meet the Foundation's matching requirement, as well as the Foundation's grants, as a permanent endowment.

All or a portion of the Fund which is not automatically distributable and is in excess of the original \$650,000 principal amount may be distributed to the Society upon a resolution adopted by a vote of two-thirds of all of the then elected members of the Board of Directors. The distribution of the original \$650,000 principal amount requires, in addition to the above, the consent of the Mellon Foundation.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

During fiscal 1989 and 1988, \$38,867 and \$32,348, respectively, of interest and dividend income net of fund management advisor fees and \$8,654 of net realized capital gains in fiscal 1988 were distributed to the Unrestricted Current Fund.

Bridge-To-The-Future Fund A. This Fund was established as of June 1, 1984 in connection with the Society's "Bridge-To-The-Future" endowment campaign. The initial \$1,000,000 of prospective endowment campaign contributions were designated by the Board of Directors to support Society operations over the four year period beginning with fiscal 1985. At May 31, 1989, \$200,000 was available to be transferred to the Unrestricted Current Fund. No transfers were made to the Unrestricted Current Fund in fiscal 1989 and 1988.

All or a portion of the Fund which is not automatically distributable, may be distributed to the Society upon a resolution adopted by a vote of two-thirds of all of the then elected members of the Board of Directors.

During fiscal 1989 and 1988, \$45,389 and \$43,955, respectively, of interest and dividend income net of fund management advisor fees were distributed to the Unrestricted Current Fund.

State Of Hawaii Endowment Fund. The 1987 Hawaii State Legislature appropriated out of the general revenues of the State of Hawaii up to \$500,000 in the fiscal years ended June 30, 1988 and 1989 to establish this Fund. Amounts available under these appropriations were to be matched by the Society on a one-to-one basis through a special fund-raising effort, separate from the Society's annual fund-raising drive. Any State funds, not to exceed \$1,000,000, not matched by the Society by fiscal year ended June 30, 1989 were to revert to the State general fund. As of June 30, 1989, the Society had obtained pledges amounting to \$1,011,329 through a special fund-raising effort.

All or a portion of the Fund which is not automatically distributable and is in excess of the original principal amount contributed may be distributed to the Society upon a resolution adopted by a vote of two-thirds of all of the then elected members of the Board of Directors. In the event of termination of the Trust, the principal amount of all contributions made by the State are to be distributed to the general fund of the State.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

During fiscal 1989, \$28,353 of interest and dividend income net of fund management advisor fees were distributed to the Unrestricted Current Fund.

1990 Endowment Fund. This Fund was established as of May 31, 1989 in connection with the Society's planned 1990 endowment campaign. Campaign fund-raising costs of \$136,967 were incurred as of May 31, 1989.

Upon termination of the Trust, all funds not otherwise distributable will be distributed to Hawaiian Trust Company, Limited to be held in trust for The Hawaiian Foundation.

As of May 31, 1989, The Honolulu Symphony Trust was comprised of the following:

	Mellon Fund	Bridge-To- The-Future Fund A	State Of Hawaii Endowment Fund	1990 Endowment Fund	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 17,996	\$ 51,165	\$ 723,601	\$ -	\$ 792,762
Receivables	9,036	10,271	7,486	-	26,793
Due from the Honolulu Symphony Society - Unre- stricted Current Fund	-	218,053	152,868	-	370,921
Due from the Bridge-To-The- Future Fund A	-	-	241,722	-	241,722
Due from the 1990 Endowment Fund	-	136,967	-	-	136,967
Investments	724,082	886,949	393,258	-	2,004,289
	<u>\$751,114</u>	<u>\$1,303,405</u>	<u>\$1,518,935</u>	<u>\$ -</u>	<u>\$3,573,454</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Due to the Honolulu Symphony Society - Unre- stricted Current Fund	\$ 82,745	\$ -	\$ -	\$ -	\$ 82,745
Due to the Bridge-To-The- Future Fund A	-	-	-	136,967	136,967
Due to the State Of Hawaii Endowment Fund	-	241,722	-	-	241,722
Fund balance	668,369	1,061,683	1,518,935	(136,967)	3,112,020
	<u>\$751,114</u>	<u>\$1,303,405</u>	<u>\$1,518,935</u>	<u>\$ -</u>	<u>\$3,573,454</u>

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

As of May 31, 1988, The Honolulu Symphony Trust was comprised of the following:

	Mellon Fund	Bridge-To- The-Future Fund A	State Of Hawaii Endowment Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$136,019	\$ 74,936	\$ -	\$ 210,955
Receivables	3,861	7,859	-	11,720
Due from the Honolulu Symphony Society - Unrestricted Current Fund	-	232,506	-	232,506
Investments	596,431	726,826	-	1,323,257
	<u>\$736,311</u>	<u>\$1,042,127</u>	<u>\$ -</u>	<u>\$1,778,438</u>
<u>LIABILITY AND FUND BALANCE</u>				
Liability:				
Due to the Honolulu Symphony Society - Unrestricted Current Fund	\$ 78,584	\$ -	\$ -	\$ 78,584
Fund balance	657,727	1,042,127	-	1,699,854
	<u>\$736,311</u>	<u>\$1,042,127</u>	<u>\$ -</u>	<u>\$1,778,438</u>

At May 31, 1989 and 1988, the carrying value of investments and related fair value (value at market quotation for common stock and corporate bonds) of the Trust were as follows:

	1989		1988	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mellon Fund				
Common stock	\$398,418	\$451,963	\$341,453	\$337,838
U.S. Treasury notes	325,664	310,032	254,978	236,461
	<u>\$724,082</u>	<u>\$761,995</u>	<u>\$596,431</u>	<u>\$574,299</u>

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

	1989		1988	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Bridge-To-The-Future Fund A</u>				
Common stock	\$551,501	\$606,356	\$341,741	\$326,094
U.S. Treasury notes	330,793	321,892	330,793	323,008
Corporate bond	-	-	49,405	46,125
Limited partnership interest	4,655	5,000	4,887	5,000
	<u>\$886,949</u>	<u>\$933,248</u>	<u>\$726,826</u>	<u>\$700,227</u>
<u>State Of Hawaii Endowment Fund</u>				
Corporate bond	\$196,866	\$196,866	\$ -	\$ -
U.S. Treasury note	196,392	197,438	-	-
	<u>\$393,258</u>	<u>\$394,304</u>	<u>\$ -</u>	<u>\$ -</u>

Changes in The Honolulu Symphony Trust Fund balances for the year ended May 31, 1989 were as follows:

	Mellon Fund	Bridge-To The-Future Fund A	State Of Hawaii Endowment Fund	1990 Endowment Fund	Total
Fund balance, June 1, 1988	\$657,727	\$1,042,127	\$ -	\$ -	\$1,699,854
Gain on sales of securities, net	10,642	8,524	-	-	19,166
Contributions received, designated by donors (exclusive of pledges)	-	237,849	292,118	-	529,967
State of Hawaii contribution	-	-	1,000,000	-	1,000,000
Transfer of contributions to State Of Hawaii Endowment Fund	-	(226,817)	226,817	-	-
Campaign fund-raising costs	-	-	-	(136,967)	(136,967)
Fund balance, May 31, 1989	<u>\$668,369</u>	<u>\$1,061,683</u>	<u>\$1,518,935</u>	<u>\$(136,967)</u>	<u>\$3,112,020</u>

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

s required by the Andrew W. Mellon Foundation grant, the following information is provided as of May 31, 1989 and 1988:

	<u>1989</u>	<u>1988</u>
Unrestricted Current Fund -		
Total assets, excluding equipment and		
leasehold improvements at depreciated		
costs	\$966,346	\$1,032,205
Total liabilities	<u>954,783</u>	<u>1,016,545</u>
Working capital	<u>\$ 11,563</u>	<u>\$ 15,660</u>

5. Pension Contributions

The collective bargaining agreement between the Society and the American Federation of Musicians provides for the Society to make contributions to a pension fund on behalf of the qualified union members. The contribution is calculated at 5% of the union wage scale which amounted to \$79,103 in fiscal 1989 and \$76,890 in fiscal 1988 (see Note 6).

6. Collective Bargaining Agreement

The terms of the Agreement with the Musicians Association include provisions for the Society to:

- Employ fifty-seven full-time contract musicians for the 1989-90 season; minimum per week, \$522; and number of weeks, 41.
- Pay severance whenever the Society does not reissue a personal contract to any full contract musician who has been employed continuously for five years or more. The severance pay ranges from \$500 to \$1,000 based upon the number of years employed. At August 4, 1989, twenty-nine full contract musicians had five or more years of continuous service.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

7. Other Commitments

Contracts With Guest Artists:

Contracts signed with guest artists for the 1989-90 season aggregated approximately \$435,000 as of August 4, 1989 (unaudited).

Deferred Revenue:

Concert ticket receipts for the 1989-90 season of approximately \$420,000 were deferred as of May 31, 1989.

Operating Leases:

Effective June 1, 1985 the Society entered into a noncancelable lease for office space with D/E Hawaii Joint Venture expiring in May 1990. The lease provides for a minimum future annual lease payment of approximately \$22,000 in fiscal 1990. The lease also provides for the Society to pay as additional rent their proportionate share of monthly building operating expenses until the end of the lease term.

The Society leases certain equipment under noncancelable agreements expiring in September 1992. At May 31, 1989 future annual lease payments under these leases were approximately \$3,000.

Schedule I

THE HONOLULU SYMPHONY TRUST

Schedule of contributions -
State Of Hawaii Endowment Fund
for the period from December 5, 1986 (date of formation)
to June 30, 1989

Amount to be matched by June 30, 1989		\$1,000,000
Contributions received by June 30, 1989:		
Cash	\$470,669	
Noncash -		
Securities	44,766	
Other	<u>3,500</u>	<u>(518,935)</u>
		481,065
Contributions to be received by June 30, 1994:		
Cash pledges		<u>(492,394)</u>
Amount in excess of the amount to be matched by June 30, 1994		<u>\$ 11,329</u>

HONOLULU SYMPHONY SOCIETY

Statements of operations and changes in fund balance (deficit)
of the Unrestricted Current Fund
for the years ended May 31, 1986 and 1985

	<u>1986</u>	<u>1985</u>
REVENUES:		
Ticket revenues and concert fees -		
Subscription concerts	\$ 740,858	\$ 726,131
Starlight concerts	144,396	223,454
Special concerts	63,113	50,892
Tour concerts	56,787	41,789
Youth concerts	<u>46,915</u>	<u>50,981</u>
	1,052,069	1,093,247
Other fees - Hawaii Opera Theatre (Note 8)	<u>109,500</u>	<u>123,099</u>
	1,161,569	1,216,346
Grants -		
State	248,115	222,060
City and County of Honolulu	100,000	100,000
National Endowment for the Arts (Note 5)	<u>61,000</u>	<u>61,500</u>
	409,115	383,560
Other revenues -		
Contributions	750,955	868,588
Dividends and interest (Notes 6 and 7)	111,565	119,333
Program advertising	99,998	-
Women's Association contribution (Note 5)	80,000	115,024
Gain on sales of securities, net	8,025	11,834
Other	<u>8,452</u>	<u>13,643</u>
	1,058,995	1,128,422
Total revenues	<u>2,629,679</u>	<u>2,728,328</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statements of operations and changes in fund balance (deficit)
of the Unrestricted Current Fund (Cont'd)
for the years ended May 31, 1986 and 1985

	<u>1986</u>	<u>1985</u>
EXPENSES:		
Artistic -		
Orchestra salaries, payroll taxes and benefits	\$1,567,726	\$1,535,141
Guest conductors and artists	<u>279,975</u>	<u>296,631</u>
	1,847,701	1,831,772
Production -		
Programs and tickets	148,832	73,107
Orchestra travel and drayage	112,105	102,958
Production fees, salaries, payroll taxes and benefits	106,523	78,963
Advertising and promotion	95,685	116,631
Auditoriums	87,547	94,564
Sets, costumes, sound, auditions and other	77,412	73,911
Music rentals and purchases	<u>86,345</u>	<u>65,045</u>
	714,449	605,179
Administrative and Fund Raising -		
Office salaries, payroll taxes and benefits	387,190	343,002
Office rent, supplies and other	81,664	91,007
Outside services	60,076	32,347
Fund raising expenses	21,216	34,386
Dues	4,069	1,564
Sales commissions	3,120	3,684
Other	<u>80,284</u>	<u>23,729</u>
	637,619	529,719
Total expenses	<u>3,199,769</u>	<u>2,966,670</u>
Excess of expenses over revenues before transfers	(570,090)	(238,342)
Transfer from Unrestricted Endowment Fund (Note 6)	250,000	300,000
Transfer of net gains from sale of securities from Restricted Endowment Fund (Note 7)	61,151	-
Excess (deficiency) of revenues and transfers over expenses	<u>(258,939)</u>	<u>61,658</u>
FUND BALANCE (DEFICIT):		
Beginning of year	<u>75,286</u>	<u>13,628</u>
End of year	<u>\$ (183,653)</u>	<u>\$ 75,286</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statements of changes in the Unrestricted Endowment
Fund balance (Note 6)
for the years ended May 31, 1986 and 1985

Fund balance, June 1, 1984	\$ -
Contributions received, designated by donors (exclusive of pledges)	755,368
Endowment campaign expenditures	(115,313)
Transfer to Unrestricted Current Fund	<u>(300,000)</u>
Fund balance, May 31, 1985	340,055
Contributions received, designated by donors (exclusive of pledges)	367,118
Gain on sales of securities, net	7,116
Transfer to Unrestricted Current Fund	<u>(250,000)</u>
Fund balance, May 31, 1986	<u>\$ 464,289</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Statements of changes in the Restricted Endowment
Fund balance (Note 7)
for the years ended May 31, 1986 and 1985

Fund balance, May 31, 1984 and 1985 (no change in fund balance during fiscal year 1985)	\$650,692
Gain on sales of securities	61,151
Transfer to Unrestricted Current Fund - gain on sales of securities	<u>(61,151)</u>
Fund balance, May 31, 1986	<u>\$650,692</u>

The accompanying notes are an integral part of the financial statements.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

Income Taxes -

The Society is a nonprofit organization and has received exemptions from Federal and State income taxes.

2. Pledges For Future Support

The Society has received a number of pledges for future support of operations including a \$150,000 pledge from the McInerny Foundation payable over five years of which \$30,000 was received in both 1986 and 1985 and a \$30,000 pledge from the AT&T Foundation payable over two Society fiscal years of which \$20,000 was received in 1986. In accordance with the Society's policy, such pledges are recorded as revenue in the periods designated by the donors.

3. Investments

Investments are held by Hawaiian Trust Company, Limited, as custodian, for the Society. At May 31, 1986 and 1985, the carrying value of investments and related fair value (value at market quotation for corporate bonds and common stock) were as follows:

	1986		1985	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Unrestricted Funds				
Current fund -				
Common stock	\$ 7,263	\$ 13,985	\$ 47,553	\$ 47,078
Endowment fund -				
Corporate bond	98,811	96,625	-	-
Common stock	143,143	161,007	25,643	31,408
Limited partnership interest	5,000	5,000	5,000	5,000
	<u>246,954</u>	<u>262,632</u>	<u>30,643</u>	<u>36,408</u>
	<u>\$254,217</u>	<u>\$276,617</u>	<u>\$ 78,196</u>	<u>\$ 83,486</u>

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

	1986		1985	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Restricted Endowment Fund				
U.S. Treasury Notes -				
Principal amount \$200,000, 10.50%, due 4-15-90	\$215,879	\$215,879	\$ -	\$ -
Principal amount \$200,000, 10.875%, due 2-15-87	-	-	196,375	205,938
Principal amount \$200,000, 11.75%, due 5-15-89	-	-	197,000	212,626
Principal amount \$160,000, 12.375%, due 4-15-91	-	-	160,550	175,701
Corporate bond	104,636	102,500	-	-
Common stock	223,597	235,694	-	-
12% Promissory note collateralized by a mortgage on an apartment due 7-19-85	-	-	103,250	103,250
	<u>\$544,112</u>	<u>\$554,073</u>	<u>\$657,175</u>	<u>\$697,515</u>

4. Notes Payable

At May 31, 1986 and 1985 the Society had noninterest-bearing notes payable to Duty Free Shoppers, Ltd. due by July 1, 1986 and July 31, 1985, respectively. The notes were canceled prior to maturity by Duty Free Shoppers as payment of their pledge to the Unrestricted Endowment Fund for the Society's 1987 and 1986 fiscal years.

5. National Endowment For The Arts

The Women's Association contribution is used in part as matching funds for NEA grants. Accordingly, the Women's Association contribution is reflected as revenue in the statement of operations of the Unrestricted Current Fund and as an expense in the statement of revenue and expenses of the Women's Association Fund.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

s required by the grant, the following information is provided as of May 31, 1986 and 1985:

	<u>1986</u>	<u>1985</u>
Unrestricted Funds -		
Total assets, excluding equipment and leasehold improvements at depreciated cost	\$963,747	\$703,548
Total liabilities	<u>704,508</u>	<u>293,936</u>
Working capital	<u>\$259,239</u>	<u>\$409,612</u>

Net realized capital gains from the Restricted Endowment Fund may be withdrawn by the Board of Directors or the Executive Committee under certain circumstances. During fiscal 1986 the Board of Directors authorized the transfer of net realized capital gains of \$61,151 in fiscal 1986 to the Unrestricted Current Fund.

3. Opera

In fiscal 1981, the Society entered into a contract to provide Hawaii Opera Theatre (formerly a division of the Society) with the services of its orchestra and ticket office personnel for certain opera performances. Total fees received by the Society for such services amounted to \$109,500 and \$123,099 in fiscal 1986 and 1985, respectively. In August 1985 this contract was renewed for the 1986-88 seasons.

9. Pension Contributions

The collective bargaining agreement between the Society and the American Federation of Musicians provides for the Society to make contributions to a pension fund on behalf of the qualified union members. The contribution is calculated at 5% of the union wage scale which amounted to \$64,376 in fiscal 1986 and \$61,289 in fiscal 1985 (see Note 11).

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

0. Operating Leases

Effective June 1, 1985 the Society entered into a noncancelable lease for office space with D/E Hawaii Joint Venture expiring in May 1990. The lease provides for no base rent during fiscal years ending May 31, 1986 and 1987 and minimum future annual lease payments of \$20,000 in fiscal 1988 and \$22,000 in fiscal years 1989 and 1990 (aggregate of \$42,000). The lease provides for the Society to pay as additional rent the proportionate share of monthly building operating expenses from January 1986 to the end of the lease term.

The Society leases certain equipment under agreements expiring in February 1988. At May 31, 1986 future annual lease payments under these leases are \$8,400 (aggregate of \$11,600).

1. Bargaining Agreement, Contracts And Deferred Revenue

Collective Bargaining Agreement -

The Society's three year agreement with the Musicians Association of Hawaii, Local 677, expired on May 31, 1986. On December 14, 1985 the Society and the Musicians Association exchanged initial offers for a three year agreement. The Society's initial contract proposal and amended contract proposals prior to November 26, 1986 were not accepted by the Musicians Association. On that date the Society entered into a Memorandum of Agreement with the Musicians Association for the period through May 31, 1990.

The 1986-87 season officially began with the August 2, 1986 performance. All scheduled performances subsequent to that date and prior to the resumption of performances with the December 9, 1986 concert were canceled; a number of which have been rescheduled.

HONOLULU SYMPHONY SOCIETY

Notes to the financial statements

The terms of the new Agreement with the Musicians Association include provisions for the Society to:

- . Employ fifty-seven full-time contract musicians for the 1986-87 through 1989-90 seasons as follows:

<u>Season</u>	<u>Minimum per week</u>	<u>Number of weeks</u>
1986-87	<u>\$427</u>	<u>23</u>
1987-88	<u>\$440</u>	19
	<u>\$453</u>	<u>19</u>
		<u>38</u>
1988-89	<u>\$469</u>	19
	<u>\$485</u>	<u>20</u>
		<u>39</u>
1989-90	<u>\$522</u>	<u>41</u>

- . Pay severance whenever the Society does not reissue a personal contract to any full contract musician who has been employed continuously for five years or more. The severance pay ranges from \$500 to \$1,000 based upon the number of years employed. At January 9, 1987, twenty-seven full contract musicians had five or more years of continuous service.

Contracts With Guest Artists -

Under contracts signed with guest artists, the aggregate amount payable for the 1986-87 season was approximately \$298,000 including estimates of approximately \$20,000 for related airfare and hotel costs to be incurred. These contracts provide for the cancellation of performances in the event of labor difficulties. As of January 9, 1987 approximately \$79,500 was paid, \$171,000 was canceled and \$47,500 remained payable through the end of the 1986-87 season.